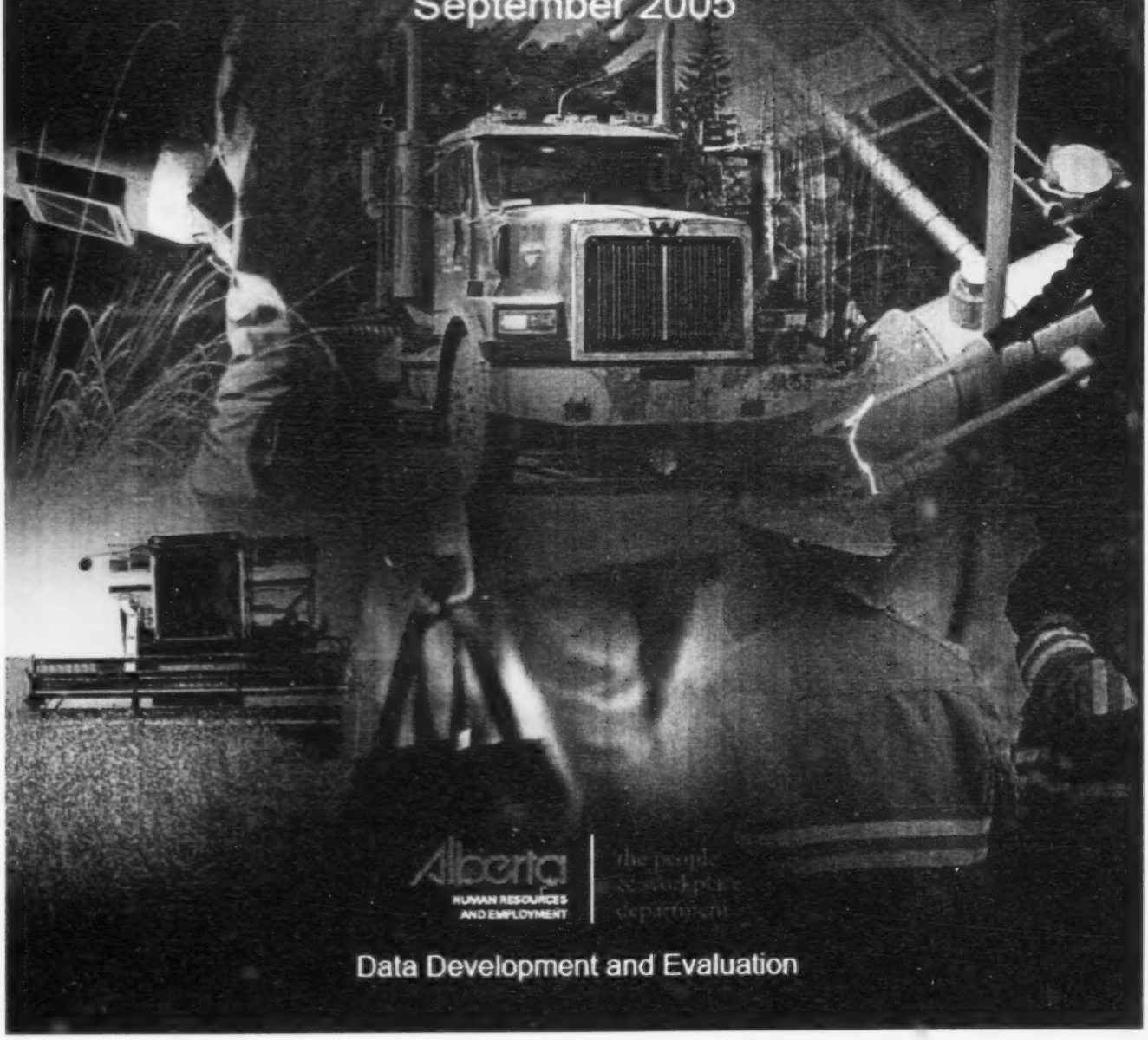
Alberta Regional Occupation Outlook: 2005-2010

Wood Buffalo - Cold Lake Economic Region Summary Report

September 2005



Alberta
HUMAN RESOURCES AND EMPLOYMENT

Data Development and Evaluation

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Alberta Human Resources and Employment (AHRE) has continued to develop a regional occupation model that produces employment projections for 140 different occupations across Alberta and for the eight economic regions. This forecast is a useful tool for the Government of Alberta to help address related policy issues and to aid in developing responsive strategies.

The forecast summarizes expected employment by industry, occupation, and economic region. Industries are classified using the North American Industry Classification System (NAICS). Occupations are classified by the National Occupational Classification (NOC) system. For more information regarding these classification systems please visit the websites listed below.

This document provides a broad overview of the results of the forecast for the Wood Buffalo-Cold Lake Economic Region. A complete listing of the employment projections is available for all eight economic regions (47 occupations) and for Alberta (140 occupations) on the AHRE website listed below.

- **NAICS** - http://www.statcan.ca/english/Subjects/Standard/naics/2002/naics02-index.htm
- **NOC** - http://www23.hrdc-drhc.gc.ca/2001/e/generic/welcome.shtml
- **AHRE Employment Projections** - http://www3.gov.ab.ca/hre/lmi/occforecast.asp

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GDP is expected to grow by 7.4% annually

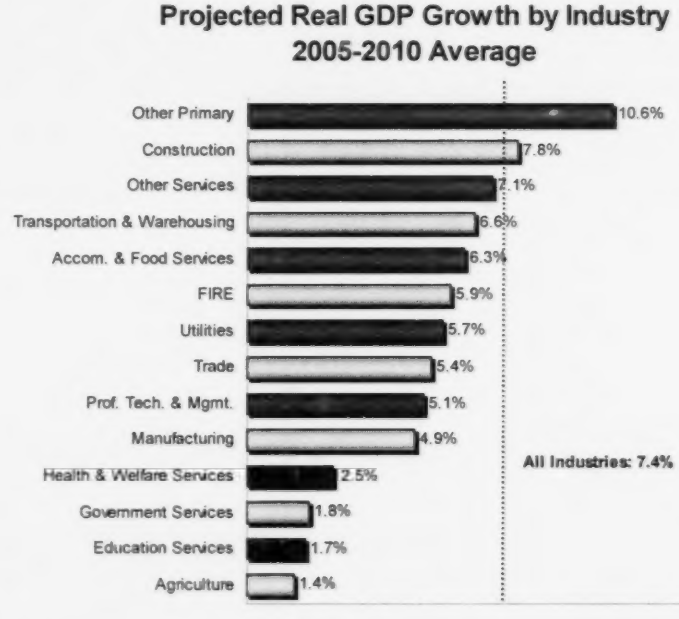
From 1994-2004, Alberta's economy was one of the fastest growing provincial economies in Canada. Gross Domestic Product (GDP) output in the province grew by an annual average of 3.8%. Employment in the province grew by more than 470,200 jobs over the past ten years. Over the forecast period of 2005-2010, GDP growth in Alberta is expected to average 3.3% annually. This is slightly higher than the expected average annual GDP growth of 3.2% for Canada.

The Wood Buffalo-Cold Lake Economic Region currently accounts for approximately 4.5% of Alberta's total GDP. Over the forecast period, GDP output in this region is expected to grow by 7.4% annually, the highest growth of any economic region.

The Other Primary industry will show strong GDP growth

The Other Primary industry will show the highest average GDP growth of any industry, averaging 10.6% annually. Mega-projects in the region's oil sands are largely responsible for the growth in this industry. Strong GDP growth is also expected in the Construction industry (+7.8%) and the Other Services industry (+7.1%). Chart 1 shows the average GDP growth for all industries over the forecast period.

Chart 1



Source: Alberta Regional Occupation Outlook: 2005-2010

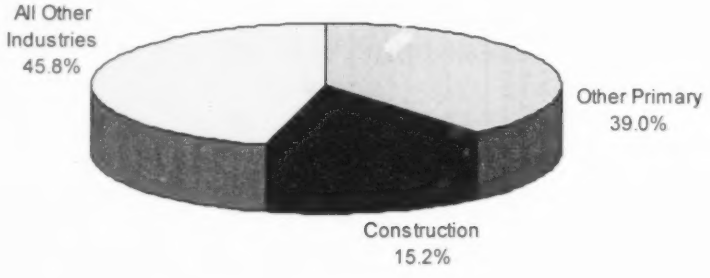
Two industries will account for over 50% of total GDP

In the Wood Buffalo-Cold Lake Economic Region, the Other Primary (Oil, Gas, Mining, and Forestry) industry and the Construction industry will account for over 50% of total GDP output over the forecast period (see Chart 2). The Other Primary industry alone accounts for almost 40% of the region's total GDP output. The region's Other Primary industry is currently responsible for the production of a large portion of Canada's total crude oil output. It is estimated that the region will account for approximately 57% of Canada's total crude oil output by 2011*.

*Source: The Regional Municipality of Wood Buffalo

Chart 2

Industry Shares of Total GDP, 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

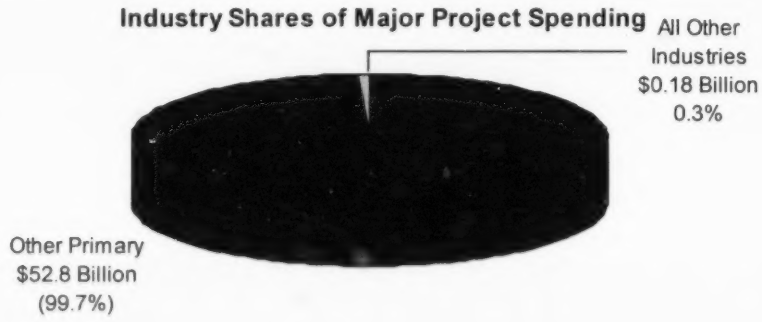
Major investment projects in the region are valued at $52.9 Billion

One of the most important factors to consider when estimating the future growth of a regional economy is the spending on major projects. The development of these projects creates jobs during planning, construction and upon completion. The list includes projects that are proposed, under construction or recently completed in the Wood Buffalo-Cold Lake Economic Region. Only projects with a value of at least $2 Million are included. These projects have a significant effect on employment in the Construction industry and also create employment in many other industries such as Manufacturing and Other Primary.

Other Primary industry related projects will account for almost 99.7% of total spending

The Other Primary industry will account for 99.7% of the major projects pending in the Wood Buffalo-Cold Lake Economic Region. Only one of the region's thirty largest projects is not classified in the Other Primary industry. The region's largest project is Syncrude's upgrader expansion. This project began in 2001 and is scheduled for completion in 2006. It is classified as one of the world's largest construction projects. At a total cost of $7.8 Billion, this single project accounts for over 10% of total major project spending in Alberta. Chart 3 summarizes the major project spending in the Wood Buffalo-Cold Lake Economic Region.

Chart 3



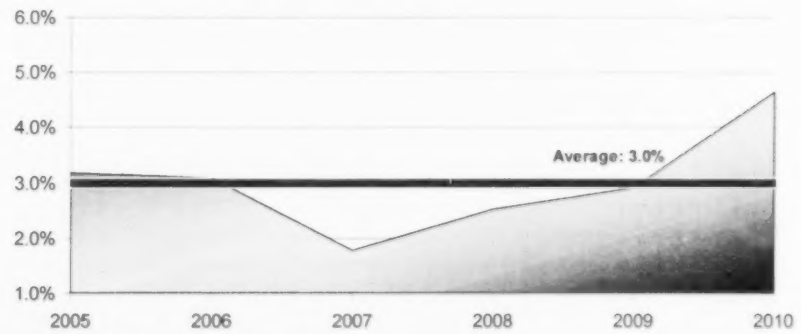
Source: Alberta Regional Occupation Outlook: 2005-2010

Employment growth is expected to average 3.0% annually

Over the forecast period of 2005-2010, employment in the Wood Buffalo-Cold Lake Economic Region is expected to climb from 58,790 in 2004 to 70,230 in 2010. This represents an average growth rate of 3.0% annually and the creation of over 11,400 new jobs. The region's unemployment rate is expected to average 4.1% over the forecast period as a result of the large number of oilsand developments. As shown in Chart 4, the region's employment growth rate is expected to experience a large decrease after 2006. This drop is due to the completion of several large construction projects. However, more projects are slated to begin later in the forecast period and employment is expected to grow as a result. If high oil prices are sustained over the forecast period, it is likely that additional new projects will be announced. In this case, actual employment growth would most likely be higher than anticipated.

Chart 4

Average Annual Employment Growth (%), 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

Over 11,400 new jobs will be created in the Wood Buffalo-Cold Lake Economic Region

The Wood Buffalo-Cold Lake Economic Region will generate over 11,400 new jobs over the forecast period of 2005-2010. Employment in the Other Primary and Construction industries will continue to be important to the region and will account for about one third of total employment. The region will account for approximately 4.8% of all new jobs in Alberta.

The Trade and Construction industry will provide more new jobs than any other industry

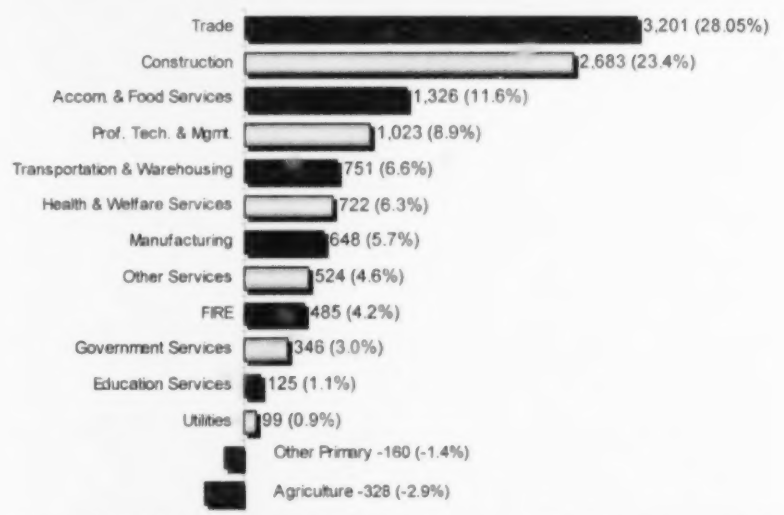
The employment outlook is broken out into fourteen different industries. The Trade industry is expected to generate over 3,200 new jobs over the forecast period, the most for any single industry (see Chart 5). Other industries generating a large number of new jobs include: Construction (+2,600), and Accommodation and Food Services (+1,300). Although the region relies heavily on the Construction and Other Primary industries, many spin-off jobs are created in other industries, as is the case for Accommodation and Food Services. These jobs are often needed in order to provide services to both the workers and businesses in the region.

Strong employment growth rates are expected in the Professional, Technical and Management and Trade industries

The region's Professional, Technical and Management industry is expected to average employment growth of 8.4% annually over the forecast period. The Trade industry will average 6.5% growth. Other high growth industries include Construction (+5.5%) and Manufacturing (+5.4%).

Chart 5

New Jobs by Industry 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010 *Share of total new jobs in brackets (%)

The Retail Salesperson and Sales Clerks occupation is expected to create more new jobs than any other occupation

At the 140 occupational level, the Retail Salesperson and Sales Clerks occupation is expected to create over 669 new jobs from 2005 to 2010. This classification includes retail salespersons and sales clerks. An ageing workforce in this occupation along with high retail development are contributing factors to the high number of new jobs in this occupation. Other occupations expected to generate a significant number of new jobs include: Motor Vehicle and Transit Drivers (+668), and Cleaners (+502). Please see Table 1 below.

High growth rates are expected in many Sales and Service occupations

Retail Salesperson and Sales Clerks are expected to experience the highest average growth rates in employment of any of the 140 occupations, at 9.3%. Other occupations that will show strong employment growth rates include: Architects, Urban Planners and Land Surveyors (+8.4%), Other Sales and Related occupations (+6.3%), Butchers and Bakers, retail and wholesale (+6.3%), and Cashiers (+6.2%). A large portion of the top growing occupations are sales related.

Table 1

New Jobs by Occupation, 2005-2010

NOC Occupations	New Jobs	Share of Total
Retail salesperson and sales clerk	669	5.8%
Motor vehicle and transit drivers	668	5.8%
Cleaners	502	4.4%
Cashiers	448	3.9%
Managers in retail trade	411	3.6%
Occupations in food and beverage service	395	3.5%
Other sales and related occupations	390	3.4%
Trades helpers and labourers	366	3.2%
Carpenters and cabinetmakers	328	2.9%
Heavy equipment operators	322	2.8%

Source: Alberta Regional Occupation Outlook: 2005-2010